

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
CITY OF WINCHESTER
RANDOLPH COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
12/04/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Vicki Haney	01-01-04 to 12-31-11
Mayor	Steve D. Croyle	01-01-04 to 12-31-11
President of the City Council	Melanie Robinson Todd Schroeder	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF WINCHESTER, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of the City of Winchester (City), for the period of January 1, 2007 to December 31, 2007. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 30, 2008

CITY OF WINCHESTER
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, FIDUCIARY, AND PROPRIETARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 135,636	\$ 2,682,491	\$ 1,856,264	\$ 961,863
Local Road and Street	162,007	18,576	76,649	103,934
Motor Vehicle Highway	110,610	590,335	490,362	210,583
Water and Lights	27,442	145,188	118,528	54,102
Law Enforcement Continuing Education	6,454	3,467	6,741	3,180
Beeson Park	17,288	31,235	39,964	8,559
Cumulative Capital Improvement	27,693	17,692	-	45,385
Beeson Farm	165,895	23,362	11,575	177,682
Operation Pullover	920	10,342	11,040	222
Goodrich Park	41,730	182,201	171,004	52,927
Goodrich Park Repair	161,009	129,113	211,575	78,547
Fire Department Donation	1,700	300	225	1,775
NADDI Grant	-	5,000	1,304	3,696
Rainy Day	469,876	56,283	230,236	295,923
Substance Abuse Grant	155	4,970	4,970	155
Willow Ridge TIF District	274,890	211,847	79,948	406,789
Clerk's Record Perpetuation	10,562	2,826	1,332	12,056
Project Love Grant (Car Seats)	335	-	99	236
Fire Department Special CEDIT	11,613	-	-	11,613
Neighborhood Crime Watch	-	300	300	-
Police Department Donation Wal-Mart	742	300	662	380
Indiana University (Car Seats)	1,483	10	1,013	480
Ambulance Non Reverting	26,116	36,132	4,207	58,041
Economic Development Income Tax	600,425	167,321	696,105	71,641
SART Forensic Equipment	45	-	-	45
Police Department Professional Development	-	149	95	54
Fire Department Professional Development	-	251	95	156
Vision Park (TIF) #2	-	585,009	61,063	523,946
DARE Donation	17	100	-	117
Morton Park Donation	995	-	995	-
Tomasco Project (VP TIF) #3	-	1,202,433	252,437	949,996
Tomasco Capitalized Interest Grant #4	-	197,567	-	197,567
Cumulative Capital Development	306,156	71,576	3,726	374,006
East US 27 Project (TIF) #5	-	370,142	343,362	26,780
Recycling	22,361	10,400	8,424	24,337
Weed Assessment	1,253	2,611	1,100	2,764
Animal Control	253	3,706	3,959	-
Animal Control Donation	2,132	1,955	2,369	1,718
Vision Park TIF	173,887	122,806	110,650	186,043
Confidential Funds	2,255	-	-	2,255
Fiduciary Funds:				
Firefighter's Pension	26,261	26,117	45,098	7,280
E.P. Miller Cemetery	5,000	755	626	5,129
Alice Bly Cemetery	10,000	-	-	10,000
Payroll	1,171	1,087,756	1,087,610	1,317
Court Costs Due County	-	22,540	22,540	-
City Court User Fee	16,228	37,629	37,482	16,375
City Court	5,217	256,771	256,996	4,992
Proprietary Funds:				
Wastewater Utility Operating	774,517	1,516,430	2,090,847	200,100
Wastewater Utility Bond and Interest	343,506	360,000	288,019	415,487
Wastewater Utility Improvement	128,109	787,376	142,465	773,020
Wastewater Utility Debt Service Reserve	401,000	-	-	401,000
Employee Benefit Insurance	640,810	430,729	551,142	520,397
Totals	<u>\$ 5,115,754</u>	<u>\$ 11,414,099</u>	<u>\$ 9,325,203</u>	<u>\$ 7,204,650</u>

The accompanying notes are an integral part of the financial information.

CITY OF WINCHESTER
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, general administrative services, and wastewater.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF WINCHESTER
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Events

The City has an appointed board, the Winchester Redevelopment Commission. The Commission has approved the expenditure of approximately \$1,400,000 for infrastructure for Tomasco Indiana, LLC during the year 2008.

The City has arranged for financing of \$900,000. The City disbursed \$316,500 of the \$900,000 during the year 2007.

CITY OF WINCHESTER
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets will not occur.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 113,006
Infrastructure	361,537
Buildings	1,157,993
Improvements other than buildings	205,838
Machinery and equipment	<u>2,139,543</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 3,977,917</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 111,739
Capital assets, being depreciated:	
Buildings	6,172,493
Improvements other than buildings	6,621,920
Machinery and equipment	<u>486,824</u>
Total Wastewater Utility capital assets	<u>\$ 13,392,976</u>

CITY OF WINCHESTER
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Total Patcher	\$ 44,972	\$ 10,673
Street Sweeper	120,000	27,533
Police Cars	65,016	23,490
Vision Business Park	1,520,000	220,000
Notes and loans payable	316,450	326,735
Bonds payable:		
Revenue bonds:		
Willow Ridge TIF Bonds Series A	451,000	82,059
Tomasco (Vision Business Park)	1,400,000	55,578
Total governmental activities debt	\$ 3,917,438	\$ 746,068
Business-type Activities:		
Wastewater Utility		
Capital leases:		
Wastewater Vactor	29,054	30,223
Wastewater Energy Saving Equipment	662,805	35,011
Revenue bonds:		
Wastewater Refunding Bonds of 2001	65,000	66,609
Wastewater Improvement Bonds of 2001	914,000	45,533
Wastewater Refunding Bonds of 2003	1,255,000	178,312
Total Wastewater Utility	\$ 2,925,859	\$ 355,688

CITY OF WINCHESTER
OTHER REPORT

The report presented herein was prepared in addition to the official report prepared for the individual City office listed below:

Park Department, January 1, 2007 to July 2, 2008

CITY OF WINCHESTER
EXAMINATION RESULT AND COMMENT

PUBLIC PURCHASES LAW

In June 2007, the Mayor decided that the City would not be required to solicit bids if the renovation of the two City owned ambulances was divided into four separate "projects," with the amount spent on each "project" lower than the dollar threshold that would require the solicitation of bids. In January 2008, the City paid \$158,191.46 for the two new frames and the remounting of the City owned Medic 7 and Medic 8 Ambulance boxes onto the new frames.

Indiana Code 5-22-8 states in part: "Purchase requirements may not be artificially divided so as to constitute a small purchase under Indiana Code 5-22-8."

CITY OF WINCHESTER
EXIT CONFERENCE

The contents of this report were discussed on September 30, 2008, with Vicki Haney, Clerk-Treasurer. The official concurred with our finding.

The contents of this report were discussed on September 30, 2008, with Steve D. Croyle, Mayor; and Todd Schroeder, President of the City Council.